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July 27, 2015

VIA ELECTRONIC TRANSMISSION

The Honorable William J. Baer
Assistant Attorney General, Antitrust Division
United States Department of Justice
950 Pennsylvania Avenue, NW
Washington, DC 20530

Dear Assistant Attorney General Baer:

I write to express concerns with JBS USA's proposed acquisition of Cargill Inc.'s pork unit. The estimated value of this transaction is \$1.45 billion, which would include packing plants, feed mills and hog production facilities. I am concerned that the transaction will increase concentration and decrease competition in the pork industry in the United States. I also am concerned about the impact on consumer choice and the price of pork products.

According to industry analysis, JBS USA is the third largest pork processor in the United States with a daily capacity of 47,700 head or 11.2% of overall capacity. Cargill is the fourth largest pork processor with a daily capacity of 35,700 head which is equal to roughly 8.4% of total U.S. capacity. Smithfield Foods already controls an estimated 26% of U.S. pork processing capacity. Should this acquisition be completed, JBS USA will become the second largest U.S. pork processor with a daily capacity of roughly 83,000 head. In addition, the four largest U.S. pork processors would control 71% of total processing capacity.

I urge the Antitrust Division to thoroughly examine this proposed acquisition to preserve a competitive market in the pork industry. I am concerned that continued mergers and acquisitions in an already consolidated pork industry will frustrate competition in the industry. Moreover, farmers could see their marketing options further reduced, especially in Iowa and Illinois where the Cargill processing plants are located. The Antitrust Division should scrutinize this deal to ensure that it will not reduce market access opportunities or facilitate possible anti-competitive and

predatory business practices in the industry. Further, the Division should consider whether the transaction will result in more limited choices of pork products and higher prices for consumers.

Thank you for your attention to this matter. I look forward to hearing from you soon.

Sincerely,


Charles E. Grassley
United States Senator

cc: Attorney General Loretta Lynch